

Key Numbers for 2020

Presented by Mike Ovshak

Individual Income Tax	
Unmarried Individual (Other than Surviving Spouse and Head of Household)	
If taxable income is:	The tax rate of taxable income is:
\$9,875 and under	10% of the taxable income
Over \$ 9,875 but not over \$40,125	\$987.50 plus 12% of the excess over \$9,875
Over \$40,125 but not over \$85,525	\$4,617.50 plus 22% of the excess over \$40,125
Over \$85,525 but not over \$163,300	\$14,605.50 plus 24% of the excess over \$85,525
Over \$163,300 but not over \$207,350	\$33,271.50 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$518,400	\$47,367.50 plus 35% of the excess over \$207,350
Over \$518,400	\$156,235 plus 37% of the excess over \$518,400
Married Individual Filing Jointly and Surviving Spouse	
\$19,750 and under	10% of the taxable income
Over \$19,750 but not over \$80,250	\$1,975 plus 12% of the excess over \$19,750
Over \$80,250 but not over \$171,050	\$9,235 plus 22% of the excess over \$80,250
Over \$171,050 but not over \$326,600	\$29,211 plus 24% of the excess over \$171,050
Over \$326,600 but not over \$414,700	\$65,543 plus 32% of the excess over \$326,600
Over \$414,700 but not over \$622,050	\$94,735 plus 35% of the excess over \$414,700
Over \$622,050	\$167,307.50 plus 37% of the excess over \$622,050
Married Individual Filing Separately	
If taxable income is:	The tax rate of taxable income is:
\$9,875 and under	10% of the taxable income
Over \$9,875 but not over \$40,125	\$987.50 plus 12% of the excess over \$9,875
Over \$40,125 but not over \$85,525	\$4,617.50 plus 22% of the excess over \$40,125
Over \$85,525 but not over \$163,300	\$14,605.50 plus 24% of the excess over \$85,525
Over \$163,300 but not over \$207,350	\$33,217.50 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$311,025	\$47,367.50 plus 35% of the excess over \$207,350
Over \$311,025	\$83,653.75 plus 37% of the excess over \$311,025
Head of Household	
If taxable income is:	The tax rate of taxable income is:
\$14,100 and under	10% of the taxable income
Over \$14,100 but not over \$53,700	\$1,410 plus 12% of the excess over \$14,100
Over \$53,700 but not over \$85,500	\$6,162 plus 22% of the excess over \$53,700
Over \$85,500 but not over \$163,300	\$13,158 plus 24% of the excess over \$85,500
Over \$163,300 but not over \$207,350	\$31,830 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$518,400	\$45,926 plus 35% of the excess over \$207,350
Over \$518,400	\$154,793.50 plus 37% of the excess over \$518,400

Trusts and Estates	
If taxable income is:	The tax is:
\$2,600 and under	10% of the taxable income
Over \$2,600 but not over \$9,450	\$260 plus 24% of the excess over \$2,600
Over \$9,450 but not over \$12,950	\$1,904 plus 35% of the excess over \$9,450
Over \$12,950	\$3,129 plus 37% of the excess over \$12,950

Qualified Business Income. For taxable years beginning in 2020, the threshold amount under Section 199A(e)(2) is \$326,600 for married individuals filing jointly, \$163,300 for married individuals filing separately, and \$163,300 for unmarried individuals and heads of households.

[The Tax Cuts and Jobs Act \(TCJA\)](#) reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent.

Standard Deductions			
Married Filing Jointly and Surviving Spouse	\$24,800	Married Filing Separately	\$12,400
Single	\$12,400	Head of Household	\$18,650

Kiddie Tax
Applies to unearned income more than \$2,200 for children younger than 18 (and full-time students between ages 19 and 24 whose earned income does not exceed half of their support for the year).
TCJA modified the tax rates and brackets to calculate the tax on unearned income. However, the SECURE Act of 2019 rolled back the kiddie tax to pre-2018 rules. Therefore, net unearned income over the threshold amount of \$2,200 for 2020 is taxed using the parents' tax rates.

AMT		
	Exemption	Phaseout
Married Individual Filing Jointly and Surviving Spouse	\$113,400	\$1,036,800
Single	\$72,900	\$518,400
Married Individual Filing Separately	\$56,700	\$518,400
Trusts and Estates	\$25,400	\$84,800

Long-Term Capital Gains and Qualified Dividend Tax			
Capital Gains Tax Rate	Unmarried		Married Filing Jointly
20%*	\$441,450+		\$496,600+
15%*	\$40,001–\$441,450		\$80,001–\$496,600
0%	\$0–\$40,000		\$0–\$80,000
*Additional 3.8% unearned income Medicare contribution tax applies to the lesser of net investment income or modified adjusted gross income (MAGI) above the following thresholds:			
Married Filing Jointly	\$250,000	Married Filing Separately	\$125,000
Single	\$200,000	Head of Household	\$200,000

Health Savings Account (HSA) Maximum Contribution Limits	
Self-Only Coverage	If younger than age 55: \$3,550; if age 55–65: \$4,550
Family Coverage	If younger than age 55: \$7,100; if age 55–65: \$8,100

Retirement Plan Limits	
401(k), SARSEP, Section 457(b), 403(b) Elective Deferral Limit	\$19,500
Age 50+ Catch-Up for 401(k), SARSEP, 457(b), 403(b)	\$6,500
SIMPLE Elective Deferral Limit	\$13,500
Age 50+ Catch-Up for SIMPLE IRA	\$3,000
Traditional and Roth IRA Contributions	\$6,000
Age 50+ Catch-Up for IRA and Roth IRA	\$1,000
Section 415 Limit (Defined Contribution Plan)	\$57,000
Defined Benefit Plan Benefit Limit	\$230,000
Annual Compensation Limit for QRP, SEP, and 403(b)	\$285,000
Highly Compensated Definition	\$130,000
Control Employee	\$115,000
Key Employee in Top-Heavy Plan Definition	\$185,000

IRA Deduction Phaseout for Active Participants		
Filing Status	Starting at:	Fully Phased Out at:
Single or Head of Household	\$65,000	\$75,000
Married Filing Jointly or Qualifying Widow(er)	\$104,000	\$124,000
Married Filing Jointly and Spouse Is Active Participant in an Employer Plan	\$196,000	\$206,000
Married Filing Separately and Either Spouse Is Active Participant in an Employer Plan	\$0	\$10,000

Roth Contribution Income Limits		
Filing Status	Starting at:	Fully Phased Out at:
Single	\$124,000	\$139,000
Married Filing Jointly	\$196,000	\$206,000
Married Filing Separately	\$0	\$10,000

Business Health Insurance	
Health Insurance Premium Deduction for Self-Employed	100%
Limit on Employee Health Insurance Credit for Small Employers	\$27,600

Education Planning	
U.S. Savings Bond Income Exclusion Phaseout	Modified AGI \$123,500 to \$153,550 (joint) Modified AGI \$82,350 to \$97,350 (others)
Coverdell Education Savings Account (Education IRAs) Annual Contribution Limit	\$2,000
Coverdell Education Savings Account Phaseout	Modified AGI \$190,000 to \$220,000 (joint) Modified AGI \$95,000 to \$110,000 (others)
\$2,500 American Opportunity Tax (HOPE) Credit Phaseout	Modified AGI \$160,000 to \$180,000 (joint) Modified AGI \$80,000 to \$90,000 (others)
\$2,000 Lifetime Learning Credit Phaseout	Modified AGI in excess of \$118,000 (joint) Modified AGI in excess of \$59,000 (others)
Phaseout of \$2,500 Interest Deduction on Education Loans	Modified AGI \$140,000 to \$170,000 (joint) Modified AGI \$70,000 to \$85,000 (others)

2019–2020 Tuition and Fees Increase at a 4-Year College	Public college: 2.3% in-state student; 2.4% out-of-state student Private college: 3.4%
2019–2020 Room and Board Increase at a 4-Year College	Public college: 2.9% in-state student; 2.9% out-of-state student Private college: 3%
2019–2020 Total Average Yearly Cost at a 4-Year College	\$21,950 public in-state; \$38,330 public out-of-state; \$49,870 private

Federal Estate and Gift Tax

Annual Gift Tax Exclusion per Donee	\$15,000
Annual Gift Exclusion to Non-U.S.-Citizen Spouse	\$157,000
Estate Tax Exemption	\$11,580,000
Lifetime Gift Tax Exemption	\$11,580,000
Generation-Skipping Transfer Tax Exemption	\$11,580,000
Special Use (Section 2032A) Valuation Reduction	\$1,180,000

Long-Term Care Premium Deductions

Qualified LTC Insurance Deductions: Subject to 10% of AGI Medical Expense Floor

Age	Limit
40 and younger	\$430
41–50	\$810
51–60	\$1,630
61–70	\$4,350
71 and older	\$5,430

Please note: Indemnity policy benefit payments that exceed the higher of the cost of long-term care or \$380 per day will be taxed as income.

Medicaid

Community Spouse Resource Allowance	\$25,728 minimum; \$128,640 maximum
Monthly Maintenance Allowance	\$2,113.75 minimum; \$3,216 maximum
Home Equity Limit	\$595,000 (state can opt to increase to \$893,000)
"Income Cap" State Income Limit	\$2,349

Social Security

CPI Increase in Benefits	1.6%
Maximum Monthly Benefit at Full Retirement	\$3,011/month
Retirement Earnings Exempt Amount Under FRA	\$18,240; \$1 withheld for every \$2 earned more than this amount
Retirement Earnings Exempt Amount Year of FRA	\$48,600; \$1 withheld for every \$3 earned more than this amount

Medicare	
Medicare Part A (if applicable) Monthly Premium	\$458 for fewer than 30 quarters of coverage \$252 for between 30 and 39 quarters of coverage
Medicare Part A Deductible and Coinsurance	\$1,408 for 1–60 days An additional \$352 for 61–90 days \$704 for 91–150 days All costs > 150 days
Medicare Part A Deductible for Skilled Nursing Facility in a Benefit Period	\$176 per day during 21–100 days
Medicare Part B Deductible	\$198 per year

Medicare Premium			
		Individual Filer	Married Filing Jointly
Medicare Part B Monthly Premium Some Medicare beneficiaries may pay less if certain conditions are met.	\$144.60	\$0–\$87,000	\$0–\$174,000
	\$202.40	\$87,001–\$109,000	\$174,001–\$218,000
	\$289.20	\$109,001–\$136,000	\$218,001–\$272,000
	\$376.00	\$136,001–\$163,000	\$272,001–\$326,000
	\$462.70	\$163,001–\$499,999	\$326,001–\$749,999
	\$491.60	\$500,000 and greater	\$750,000 and greater
Medicare Part D Deductible	The amount paid for Part D deductibles, copayments, and/or coinsurance varies by plan.		
Medicare Part D Monthly Premium Surcharge	(no surcharge)	\$0–\$87,000	\$0–\$174,000
	\$12.20 + plan premium	\$87,001–\$109,000	\$174,001–\$218,000
	\$31.50 + plan premium	\$109,001–\$136,000	\$218,001–\$272,000
	\$50.70 + plan premium	\$136,001–\$163,000	\$272,001–\$326,000
	\$70.00 + plan premium	\$163,001–\$499,999	\$326,001–\$749,999
	\$76.40 + plan premium	\$500,000 -and greater	\$750,000 and greater

Please note: Medicare premiums are based on MAGI from two years prior to the current premium year.

Payroll Taxes		
	Employee	Self-Employed
Social Security Tax	6.2%	12.4%
Social Security Wage Base	\$ 137,700	
Medicare Tax	1.45%	2.9%
Additional Medicare Tax	0.9% on Earnings Higher than the Following Thresholds:	
Single or Head of Household	\$200,000	
Married Filing Jointly	\$250,000	
Married Filing Separately	\$125,000	

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